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16 February 1950

SUPPLEMENTAL MEMORANDUM FOR THE DIRECTOR (TO BE USED AFTER GENERAL STATEMENT MADE IN 17 FEBRUARY IAC MEETING)

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SUBJECT: Breach of Security in Use of [REDACTED] Reports — CIA has been embarrassed by the use given, in certain instances, to our [REDACTED] Reports of unevaluated raw information by some of the Intelligence Agencies.

STATE DEPARTMENT

1. In June, 1949, ECA requested of us our report [REDACTED] on Korea and subsequently maintained that we should not issue economic intelligence about Korea until it had been approved by the ECA. That, of course, we could not do, but were curious to know how ECA received detailed information about our [REDACTED] Report which was raw information, not evaluated intelligence. We believe they had read it in State or at least heard about it from the State Department. Probably outside of Mr. Armstrong's section of State.

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2. In February, 1950, ECA has requested another [REDACTED] Report and has threatened to cut off copies of its cable traffic to us unless we supply them with this unevaluated raw information that we collect. This matter has not yet been settled.

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3. On February 15, 1950, the Office of International Trade in the Department of Commerce requested [REDACTED] which he said had been cleared by the OIT. It has been ascertained that this office in the Department of Commerce heard about this report from the State Department's Division of Investment and Economic Development in State's Office of Financial and Development Policy.

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4. The above examples would indicate to us that our [REDACTED] Reports are not used only in Mr. Armstrong's section of the State Department, as background material for their evaluation intelligence, but are given wider distribution, as issued by us, throughout the State Department. Those recipients apparently do not realize that this is unevaluated information collected for the benefit of the intelligence agencies.


PRESCOTT CHILDS, Chief
Coordination, Operations
and Policy Staff

cc: AD/00

AD/OCD